Weekly Economic Review

Alberta employment falls in May

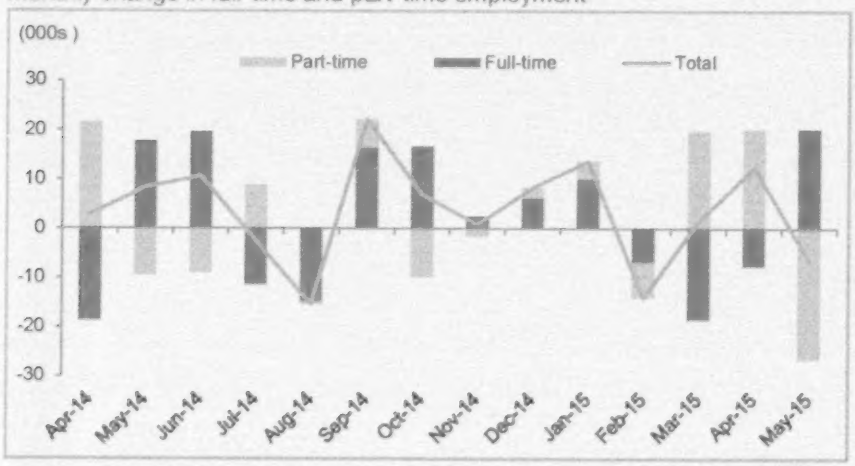
Employment

Alberta loses jobs

Alberta lost 6,400 jobs in May, and the unemployment rate climbed to 5.8%, the highest rate since the beginning of 2011. Full-time employment jumped by 20,200. This was the opposite of the previous two months, which saw modest job gains, but with falling full-time employment (Chart 1). At the industry level, the biggest losses came from industries closely tied to the energy sector. Employment in the oil and gas and professional, scientific, and technical services sectors declined. These two sectors have shed the most jobs since late 2014, when oil prices plunged. The transportation and warehousing industry also declined in May (-6,800), the first significant loss in over a year. After a weak start to the year, the construction industry gained 4,100 jobs in May.

Chart 1: Full-time employment in Alberta bounces back

Monthly change in full-time and part-time employment



Source: Statistics Canada

At the national level, the labour market surprised on the upside, as employment increased by 58,900. The unemployment rate was steady at 6.8%.

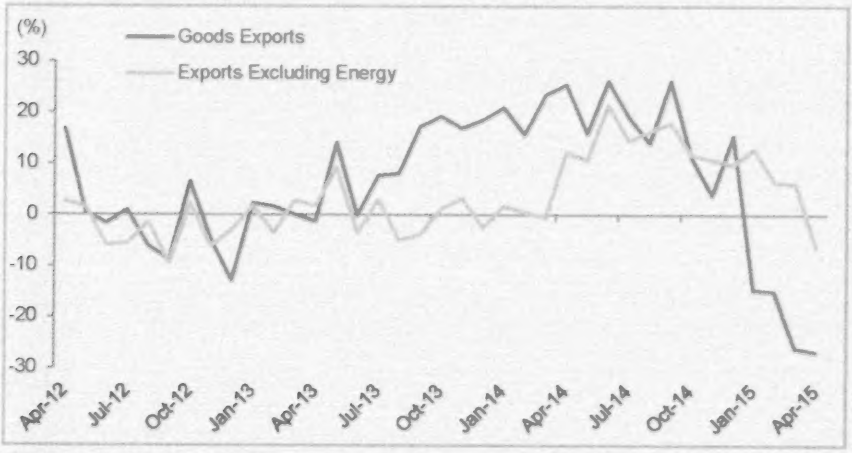
International Trade

Not just an energy story this time

Alberta's international goods exports fell to $7.5 billion in April, the lowest level in over two years, and 27% below April 2014. Energy products, which account for two-thirds of Alberta's exports, were responsible for the decline, down 34.1% year-over-year (y/y). For the first time in over a year, non-energy exports were also down, falling 6.3% y/y (Chart 2). Of Alberta's six biggest export categories, only consumer goods had year-over-year growth. Much of the decline in non-energy exports had more to do with strength in April 2014 than weakness this year. This was especially true for farm, fishing and intermediate food products, which surged last year as the bumper 2013 grain crop finally made its way to market.

Chart 2: Alberta non-energy exports begin to decline

Year-over-year change



Source: Statistics Canada

Nationally, the merchandise trade deficit narrowed from $3.9 billion in March to $3.0 billion in April, as imports fell more than exports.

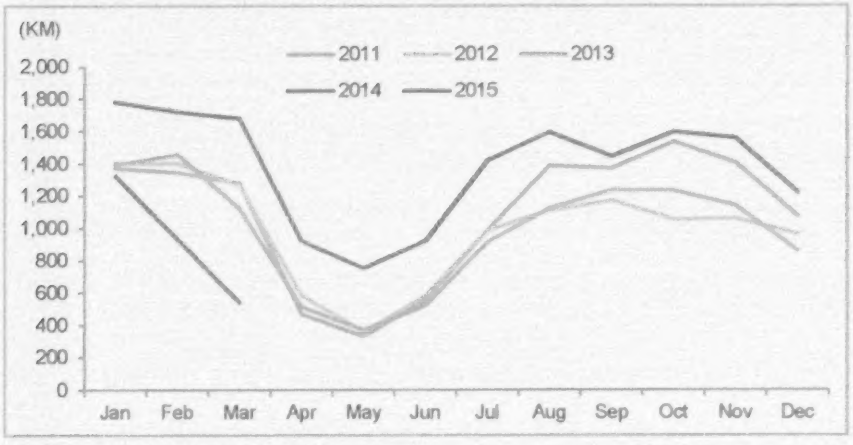
Metres Drilled

Slowing to a crawl

The number of metres drilled for oil and gas in Alberta was 541,775 during March, down two-thirds from March 2014 (Chart 3). Low oil prices, which bottomed out in March, were largely responsible, with metres drilled for oil down a whopping 85% y/y. Drilling for conventional oil was most affected (-90% y/y), with bitumen drilling not far behind (-71% y/y). Drilling for natural gas fell 37% y/y, a combination of weaker activity this year, and a surge in demand in 2014. The number of well completions fell by 75%, with 41% fewer gas wells and 85% fewer oil wells.

Chart 3: Drilling activity falls further

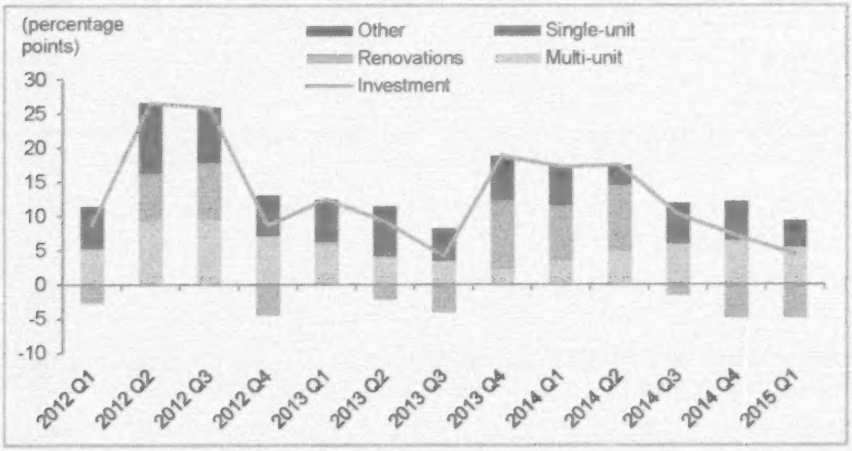
Metres drilled for oil and gas in Alberta by month and year



Source: Alberta Energy Regulator

Chart 4: Multi-unit dwellings drive residential investment in Alberta

Contribution to year-over-year change in residential investment



Source: Statistics Canada

Residential Investment

Apartments fuel growth

Residential investment in Alberta during the first quarter totaled $4.4 million, an increase of 4.4% from the same period last year.Growth was driven by investment in new dwellings, which was up 14.5% y/y. Multiple-unit dwellings attracted the most investment growth (Chart 4), with strong growth in apartments (+32% y/y), row houses (+28%) and doubles (23.7% y/y). Investment in single-unit dwellings remained solid, up 7.2% y/y. There was a flurry of renovation activity in the first half of 2014 that has since subsided, with investment in renovations down 14.0% y/y. Total acquisition costs rose 17.2%

Nationally, investment in residential construction was up 8.8% y/y, led by higher acquisition costs (+38%) and renovations (+7.4%). Investment in new construction was up a modest 4.2%.

US Employment

Employment continues its ascent

The US labour market continued to strengthen in May, creating 280,000 new jobs. So far in 2015, the economy has added 217,000 jobs per month. Private sector service industries created nearly all the jobs, led by leisure and hospitality and educational and health. The mining sector shed the most jobs, down 17,000 in May and 68,000 in the year to date. Broader indicators have also continued to improve. Since January, the average duration of unemployment has declined by 1.6 weeks and the number of long-term unemployed has declined by 298,000. Though the unemployment rate ticked up by 0.1 percentage points to 5.5%, it remains near seven-year lows.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.